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SUBJECT: PRESIDENT KIKWETE AND CODEL ISAKSON DISCUSS
BILATERAL ASSISTANCE

REF: A. DAR ES SALAAM 164
[1](#)B. DAR ES SALAAM 206 AND PRIOR

[1](#)1. (SBU) Summary. President Jakaya Kikwete welcomed visiting Senators Isakson and Corker to State House on May 28. On bilateral issues, Kikwete reiterated points he raised during his recent Washington meetings. He emphasized the strong U.S.-Tanzania relationship and reviewed the impact of the global financial crisis on Tanzania's economy. Kikwete expressed appreciation for U.S. support on health and education and asked for additional support for secondary education. In response to Kikwete's request for help attracting investment, CDA noted that the GOT could take steps to improve Tanzania's business climate, in particular by resolving the ongoing tax dispute involving APR Energy. Kikwete's discussion of regional issues is described septel. End Summary.

[1](#)2. (SBU) Referring to his recent meetings with President Obama and Secretary Clinton, Kikwete welcomed the senators by expressing his pleasure at the strong relationship between Tanzania and the United States. He said Tanzania is making steady progress on reform measures, despite their difficulty. Kikwete said the impact of the global economic downturn had led the GOT to revise its projections for economic growth downward, to 5-6 percent as compared to the 8 percent previously predicted. He said that declining demand for Tanzanian export commodities, in particular cotton, is a serious challenge. He said the GOT is working toward solutions, such as through a plan to guarantee loans to cotton farmers (see ref a).

[1](#)3. (SBU) On education, Kikwete stressed that increased investment, particularly in the sciences, is a top priority. With a 98 percent enrollment rate, primary education is a Tanzanian success story. He said his goal to have at least one secondary school in every ward was achieved three years ahead of schedule: there are now approximately 2,700 secondary schools in 2,500 wards. Kikwete attributed this success to overwhelming demand for secondary education. He observed that keeping up with such demand will be difficult, given the lack of trained teachers, books and other tools such as lab equipment. He renewed his request for additional Peace Corps Volunteers to serve as science teachers and applauded a textbook donation from South Carolina State University.

[1](#)4. (SBU) Kikwete noted his particular interest in developing Tanzania's Information Technology sector through tertiary education. He described a three step process: 1) providing

better access to the information highway via the fiber optic network (see ref a); 2) training IT professionals; and 3) applying information technology across sectors. Kikwete also hoped that promotion of e-Government solutions will help in the fight against corruption by reducing the amount of person-to-person contact required in official transactions. (Note: this is a particular focus of a new electronic clearance system used by the Tanzania Ports Authority.) Kikwete also highlighted various private U.S.-Tanzania partnerships in IT. While in California earlier in the month, he requested that Stanford University oversee the development of the IT training school at the University of Dar es Salaam. IBM recently donated 28,000 technical books to the University of Dodoma.

15. (SBU) Moving on to the health sector, Kikwete praised the support that Tanzania has received from the U.S. Calling the President's Malaria Initiative "extraordinary," he cited the almost total eradication of malaria on Zanzibar and a fifty percent decrease on the mainland. He stressed the need for a focus on sustainability in the wake of such impressive results. He also highlighted the U.S. role in promoting Voluntary Counseling and Testing for HIV/AIDS. In response to Senator Isakson's statement that the U.S. would continue supporting Tanzania in the health sector, Kikwete expressed relief, saying he had been worried about the U.S. abandoning Tanzania under the new Administration.

16. (SBU) Senators Corker and Isakson asked President Kikwete how else the U.S. might support Tanzania economically, and suggested promotion of FDI. Kikwete agreed that FDI was a

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top priority and noted that he plans to return to the U.S. later this year for an investment conference. Saying he hopes Tanzania will achieve middle-income status by 2025, he welcomed the support of the senators to sell Tanzania to U.S. businesses and potential investors. CDA took this opportunity to point out treatment of past or current investors is key to the decisions of potential investors in Tanzania. He cited the negative experience of U.S.-based APR Energy, whose tax dispute with the GOT would deter future investment (especially in the energy sector, where investment is badly needed). CDA said resolution of current disputes would make the investment climate much more attractive. Kikwete said that the APR case was on course for resolution. (See ref b re APR).
ANDRE